Summary of Responses to the Consultation on the Recommendations of the Climate Change Simplification Project

Climate Change Instruments
Areas of overlap and options for simplification

August 2008
Introduction

In December 2007, Defra issued a consultation paper, “Climate Change Simplification Project”, to review Defra’s three major climate change instruments - EU Emissions Trading Scheme (EU ETS), Climate Change Agreements (CCAs) and the proposed Carbon Reduction Commitment (CRC) – with a view to eliminating avoidable overlap, simplifying the existing regulation, and ensuring that the regulatory burden on the economy is kept to a minimum. Consultation closed on 19 March, 2008.

The focus of the report was not only on managing the administrative burden on business, but more broadly on minimising the regulatory burden on the economy as a whole by improving the overall efficiency of the package of measures. The review made recommendations to make the current set of climate change instruments more coherent and cost effective, while recognising there may be short term constraints on rationalisation. It also proposed principles to guide the development of future measures.

A consultation exercise on EU ETS Phase III end on 31 July 2008 and the responses to this Simplification Report will also be taken into account in the analysis. Further consultations will be held in the autumn on the regulations to implement CRC and the extension of the CCAs. The responses to recommendations in this Simplification report will be taken into account in the drafting of those consultation documents.

This report therefore gives an analysis of the responses to the consultation and a Government response where the recommendation is not included in
current or planned consultations. It does not set out the Government’s conclusions where such consultations are planned or in train.

**Analysis**

Defra have received 39 responses in total: 16 from sector associations, 4 from larger industry organisations, 12 from companies, 1 from a consultancy firm, 3 from public sector bodies, 1 from a Non-Governmental Organisation (NGO), 1 from non-profit organisation, and 1 from an academic economist.

Respondents have answered open questions relating to 11 recommendations of the Climate Change Simplification Project (see Box 1 below).

<table>
<thead>
<tr>
<th>Box 1: Recommendations of the Climate Change Simplification Project</th>
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<tr>
<td><strong>Recommendation 1:</strong> On-going evaluation of domestic instruments such as CCAs and CRC (i) in the context of global action to reduce emissions and (ii) in terms of effectiveness in dealing with downstream market failures and inducing behaviour change.</td>
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and proportionately across instruments, such that the administrative burden (on government and business) is reduced and UK’s energy performance is tracked more easily and transparently against its long-term climate change objectives.

**Recommendation 7:** Evaluating the potential for data sharing. Examining various data sharing arrangements that reduce overall administrative burden and address business concerns around commercial confidentiality of the data.

**Recommendation 8:** Seeking to deliver, with the EU partners, further reductions in administrative burden by excluding small emitters from EU ETS, and including under CRC those small emitters who meet current CRC eligibility criteria.

**Recommendation 9:** Seeking to deliver, with the EU partners, efficiency and other regulatory benefits from auctioning EU ETS allowances.

**Recommendation 10:** Extending IPPC light touch measures to CRC (subject to a sound legal basis) and disapplying all IPPC energy efficiency requirements from EU ETS installations.

**Recommendation 11:** Undertaking further analysis to examine (i) the interaction of CHP policies with other instruments and (ii) the potential for greater alignment of Pollution Prevention and Control’s other objectives with climate change objectives.

The following analysis summarises the responses to the recommendations, and presents the Government response to the main issues arising from them.
The response of businesses to the recommendations has been generally positive, with exception of recommendation 3 and recommendation 9, where support is around 40%.

**Analysis and Government response**

**General**

**Question 1:** Does your organisation/company/sector association have a Climate Change Agreement?

26 respondents\(^2\), or 67% reported having entered into a CCA.

**Question 2:** Is your organisation/company/sector association covered by the EU ETS?

\(^1\) Based on respondents who addressed the question asking whether they agreed or not on the recommendation.  
\(^2\) All responses are considered as separate, including companies’ responses which might overlap with those of the sector association or industry group that represent them.
74% or 29 respondents\(^3\) have emissions covered by EU ETS. Of these, 23 also report being covered by CCAs, and 16 envisage being covered by CRC.

**Question 3:** Do you anticipate that your organisation/company/sector association will be covered by the CRC?

64%, or 25 respondents\(^4\) anticipate being covered by CRC, although respondents report uncertainty around the future coverage of the scheme and its impact on their sector.

Table 1 – Reported overlap between CCAs, EU ETS, and CRC

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Number of respondents</th>
<th>% of total</th>
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<tbody>
<tr>
<td>CCAs</td>
<td>25</td>
<td>64%</td>
</tr>
<tr>
<td>EU ETS</td>
<td>29</td>
<td>74%</td>
</tr>
<tr>
<td>CRC</td>
<td>25</td>
<td>64%</td>
</tr>
<tr>
<td>Overlap CCAs and EU ETS</td>
<td>23</td>
<td>59%</td>
</tr>
<tr>
<td>Overlap CCAs and CRC</td>
<td>17</td>
<td>44%</td>
</tr>
<tr>
<td>Overlap EU ETS and CRC</td>
<td>22</td>
<td>56%</td>
</tr>
<tr>
<td>Overlap of CCAs/EUETS/CRC</td>
<td>16</td>
<td>41%</td>
</tr>
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</table>

**Response to Specific Recommendations**

\(^3\) Ibidem  
\(^4\) Ibidem
Recommendation 1: On going evaluation of domestic instruments such as CCAs and CRC (i) in the context of global action to reduce emissions and (ii) in terms of effectiveness in dealing with downstream market failures and inducing behaviour change. A monitoring and evaluation framework, including a timescale for regular evaluations, should be developed prior to implementation of domestic climate change instruments.

Question 4: Do you agree with Recommendation 1? Please provide a brief explanation of why or why not.

- 74% or 29 respondents agree with recommendation 1, and 10 respondents (or the remaining 26%) did not address this question.

- While there was broad support for this recommendation, respondents stressed the need for policy certainty in order to provide businesses with the stability necessary for long-term investment. In particular:

  → a stable regulatory framework is seen to be key in enabling businesses to undertake long-term investment decisions and keeping uncertainty to a minimum (17 respondents\(^5\), or 59% of those supporting this recommendation);

  → the timescale for evaluation and policies’ refinement should be longer than 3 years (a 5 year period is suggested as a preferred alternative) in order to provide a more stable environment for investments (11 respondents\(^6\), or 38% of those supporting this recommendation).

The Government accepts the need to balance changes to the suite of climate change instruments with providing policy certainty. As noted in paragraph 3.14 of the Climate Change Simplification Project report, “frequent changes create policy uncertainty and have a negative effect on long-term investment”.

\(^5\) 10 are sector associations.
\(^6\) 6 are sector associations.
The Government is committed to carrying out a review of any intervention 3 years after implementation – a standard period which applies across all departments and regulation. Such evaluations help policy-makers identify interventions that are ineffective and act to correct or remove them. However, as noted above, any changes will need to be balanced against industry’s need for a secure environment for investment and growth.

**Recommendation 2**: Examining the overlap in emissions directly targeted by EU ETS and CCAs and considering splitting the CCA target for current CCAs (if possible) and for post-2010 CCAs.

**Question 5**: Do you agree with Recommendation 2? Please provide a brief explanation of why or why not.

**Question 6**: What are the additional administrative costs (in absolute and percentage terms) to your organization/company/sector association of complying with the monitoring, reporting and verification requirements of EU ETS and CCAs for the same emissions? [Please state if exempt from Phase I of EU ETS and, if so, provide your best estimate of these figures]

**Question 7**: What are the administrative costs to your organisation/company/sector association of making double counting adjustments to your CCA targets or submitting proof of cancellation of surplus EU ETS allowances? [If currently exempt from Phase I of EU ETS, please provide your best estimate of these costs]

**Question 8**: What benefits/disbenefits do you think would result from splitting CCA and EU ETS targets?

- 24 or 62% of 39 respondents, agree with recommendation 2. 4 call for further consideration on the matter – 2 raising concern on its implications on the 90/10 eligibility rule and 2\(^7\) suggesting to end CCAs after 2010.

\(^7\) of which one is a energy supplier not covered by CCA.
• 59% of all respondents (or 23 out of 39 respondents) report being covered by both schemes. Of these, 17 or 74% agreed with recommendation 2.

• 9, or 39% of the 23 respondents covered by both schemes answered question 6 on the additional administrative costs from dealing with different schemes, and mentioned that they incurred high sunk costs from understanding the requirements of each scheme and setting-up the appropriate monitoring and reporting systems.

• 7 of the 23 respondents (6 sector associations and 1 larger industry group) answered question 7, and reported incurring significant “sunk costs” from understanding the double counting mechanism and setting up the system for reporting on the overlap. Once the reporting system was set up, ongoing reporting costs were thought to be minimal for 6 respondents. The removal of the mechanism was nonetheless thought to simplify the regulatory framework, to ease the administrative burden, and reduce the risk of confusion and misreporting of data by 14 out of 23 operators covered by both schemes.

• A major concern expressed by all those covered by both schemes is that splitting the target might lead to a reduction in CCA coverage and a loss of climate change levy discount. The large majority of operators agreed with the recommendation, but conditional on retaining the CCL discount. Additionally, 83% of the 24 respondents who agree suggested that CCL discount should be available for all energy use in an installation covered by EU ETS, including electricity use which is not directly included in EU ETS, without being covered by any other instrument such as CCAs.

• Among the 24 respondents who agreed, 46% suggested leaving the current targets unchanged up to 2010, and 21% proposed any splitting of the target should be optional.

8 Responses from sector associations and representative groups are included, though they refer to their members’ participation in the schemes.

9 EU ETS monitoring, reporting, and verification (MRV) requirements were reported as onerous, with actual costs being reported by two respondents as £25,000 and £132,000 per plant per year. One sector association reported CCAs’ participants entering into the EU ETS incurring additional costs of approximately £44,000 per installation.
These issues will be covered in the consultation on the extension of CCAs in the autumn.

**Recommendation 3:** Making targets consistent. Considering denoting CCA targets in absolute terms, such that perverse incentives are reduced and domestic instruments are better aligned with UK and international policy objectives. Due to the administrative burden of renegotiating CCA targets and concerns regarding its effect on competitiveness, a change to absolute targets may not be feasible for the current set of CCAs (i.e., for targets up to 2010), but should be considered for future CCAs.

**Question 9:** Do you agree with Recommendation 3? Please provide a brief explanation of why or why not (bearing in mind that CCAs will have to play their part in the meeting of carbon budgets, to be established under the Climate Change Bill).

**Question 10:** If your organisation/company/sector association currently has a relative CCA target, how would denoting targets in absolute terms affect your organisation/company/sector association (please include in your comments, but do not restrict yourself to, issues related to meeting targets and related costs)?

- Of the 25 respondents covered by CCAs, 17 (or 68%) do not agree with this recommendation, 5 agree, and 1 asks for further consideration. 2 respondents did not address this question.

  Absolute targets are reported by respondents to:
  → have a negative impact on economic growth by discouraging investments;
  → undermine the competitive stance of the UK industry; and

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10 The agreements are voluntary and between two parties, with both parties having to agree to any changes.

11 3 operators specified they would not support changes to targets up to 2010, and one suggested to consider changes to the targets on a case by case basis.
lead to carbon leakage (i.e., movement of production and emissions to non-capped economies in response to pressures on globally competitive sectors).

These issues will be covered in the consultation on the extension of CCAs in the autumn.

**Recommendation 4:** Removing unnecessary trading schemes. Ending the UK ETS market and linking CCAs to CRC instead, thus reducing the administrative burden of operating and participating in multiple, duplicative trading schemes while retaining the flexibility that trading provides CCA participants. For legal reasons, UK ETS market for CCA participants will continue for the current set of CCAs. Ending the UK ETS market and linking to CRC has been proposed for future CCAs.

**Question 11:** Do you agree with Recommendation 4? Please provide a brief explanation of why or why not.

**Question 12:** Does your organisation/company/sector association currently use UK ETS to meet targets or to sell allowances derived from over-achievement?

**Question 13:** What benefits/disbenefits would result from implementing Recommendation 4 (please include in your comments, but do not restrict yourself to, issues related administrative burden)?

- 29, or 74% of all respondents agree with this recommendation.

- Of the 25 respondents covered by CCAs
  - 20 (or 80%) support ending the UK ETS for future CCAs; 17 using it to meet their CCA targets;
  - 12 (or 48%) suggest introducing banking arrangements between the existing UK ETS market and the new CRC market;
  - 8 (or 32%) ask for the UK ETS to continue at least for the current set of CCAs.
Respondents particularly note the benefits of implementing this recommendation in terms of producing a more consistent carbon price signal, including the buy-only links between the new CRC market and EU ETS.

These issues will be covered in the consultation on the extension of CCAs in the autumn.

**Recommendation 5:** Defining scheme boundaries on a simple and consistent basis. Defining CCA scheme boundaries (for example, on an installation basis) such that unnecessary overlaps are minimised, the potential for perverse incentives is reduced, and policy coherence is maximised. Such changes may not be feasible for the current set of CCAs, but should be considered for future CCAs. CRC scheme boundaries should be evaluated in the context of any changes to CCA eligibility.

**Question 14:** Do you agree with Recommendation 5? Please provide a brief explanation of why or why not.

**Question 15:** What difficulties have you faced in establishing CCA facility boundaries, and what have been the associated costs?

**Question 16:** What proportion of your organisation’s emissions (direct and indirect) are covered by EU ETS and CCAs (Please give separate figures for EU ETS and CCAs and, if there is an overlap, a total figure)?

**Question 17:** It is currently proposed that an organisation that has more than 25% of its emissions in a CCA would be exempt from the proposed CRC. Would your organisation/company fall into this category? If so, or if not, what would be the implications for your organisation/company?

**Question 18:** What measures do you think would reduce the problems of different scheme boundary definitions?
• 23 or 59% of all respondents agree with recommendation 5, although 5 (or 24% of those who agreed) ask for further clarification on “defining scheme boundaries on a installation basis”. 3 operators (or 8%) don’t agree, and 2 (or 5%) ask for further consideration on the matter. 8 operators (or the remaining 21%) didn’t address this question.

• Of the 25 respondents covered by CCAs, 10 agree with the recommendation, 5 agree in principle but require further clarity on the matter, and 5 are not sure about the recommendation’s implications.

• 4 sector associations suggested greater simplification could be achieved through changing the 90/10 rule, and moving to a more flexible 70/30 rule.

• 11 of the 25 respondents covered by CCAs found CCA scheme boundaries easy to understand. Reasons given by 8 respondents that found CCAs scheme boundaries burdensome include:
  → CCA eligibility rules can require extensive and expensive sub-metering instruments where only part of the site is eligible
  → the CCA eligibility does not allow for the inclusion of packaging sites which are not co-located with production sites
  → CCAs may not include recycling activities when undertaken in the same sites as eligible activities

• Among the 23 respondents covered by both CCAs and EU ETS, 5 reported an overlap of more than 85% of their total emissions, 4 reported a 25-60% overlap, and 2 reported an overlap below 25%.

These issues will be considered for the consultation on the extension of CCAs in the autumn.

**Recommendation 6:** Aligning monitoring, reporting, and verification requirements. Harmonising reporting periods and reporting units,

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12 This is claimed to lead to competitive distortions within some industries, such as the alcoholic drinks industry for example, when distilleries are not always located on the same site as bottling plant.
standardising data and documentation to be submitted/stored under each scheme, and applying verification requirements consistently and proportionately across instruments, such that the administrative burden (on government and business) is reduced and UK’s energy performance is tracked more easily and transparently against its long-term climate change objectives. CRC requirements are being aligned with other instruments. Due to the administrative burden of renegotiating current CCAs, measures to align their requirements with other instruments may be feasible only for the next round.

**Question 19**: Do you agree with Recommendation 6? Please provide a brief explanation of why or why not.

**Question 20**: What are the additional administrative burdens and costs (in absolute and percentage terms) to your organisation/company/sector association of dealing with the existing differences between EU ETS and CCAs (please include in your comments, but do not restrict yourself to, issues related reporting periods and reporting units)?

**Question 21**: Given that EU ETS monitoring, verification and reporting requirements are set at EU level, what UK measures would reduce the administrative burden of different reporting regimes?

- 87% of all respondents (or 34 out of 39) support the alignment of MRVs requirements of the two schemes, particularly in terms of reporting periods and units, standardising data and documentation to be submitted/stored under each scheme. However, respondents stressed the need to preserve the light touch aspect of the CCAs’ MRV requirements compared to the relatively more burdensome EU ETS MRV requirements.

- 16 or 70% of the operators covered by both CCAs and EU ETS answered question 20, and the majority (11, of which 9 are sector associations) claimed that, in general, dealing with the two instruments resulted in high sunk costs from understanding the schemes (i.e., target units, scheme
boundaries, conversion factors), and setting-up the monitoring and reporting systems.

These issues will be considered in the consultation on the extension of CCAs in the autumn.

**Recommendation 7**: Evaluating the potential for data sharing. Examining various data sharing arrangements that reduce overall administrative burden and address business concerns around commercial confidentiality of the data. Such arrangements are likely to increase the efficiency and cost effectiveness with which environmental outcomes are delivered.

**Question 22**: Do you agree with Recommendation 7? Please provide a brief explanation of why or why not.

**Question 23**: Please give examples of data that is submitted to Defra under more than one scheme that might benefit from data sharing within Defra.

**Question 24**: Please give examples of data that is submitted to Defra under more than one scheme that would not benefit from data sharing within Defra due to issues of confidentiality.

**Question 25**: Please give examples of data that is submitted to Defra under more than one scheme that might benefit from data sharing with other government departments.

**Question 26**: Please give examples of data that is submitted to Defra under more than one scheme that would not benefit from data sharing with other government departments due to issues of confidentiality.

**Question 27**: Please set out any suggestions on how data sharing could be best implemented while protecting business confidentiality?
• 62% of total respondents (or 24 out of 39 respondents) agree in principle with recommendation 7. 2 respondents (or 5%) don’t agree, 7 (or 18%) ask for further consideration, and the remaining 15% did not address the question. However, respondents (i.e. including those who did not agree with the recommendation) raised concerns as to how the data would be used, and asked in particular for:
  → reassurance that commercial data confidentiality will be preserved; and
  → being fully engaged and informed prior to disseminating/using any commercial data.

• Respondents’ suggestions for data sharing include:
  → to set up one central database with highly restricted, controlled, and audited access only for government administrators;
  → to inform companies on the use of their data by govt departments and specify the purpose of the use;
  → to use IPPC data to inform (or source, depending on what is less burdensome) both the CCAs and EU ETS data requirements;
  → to allow BERR and Defra to share data such as the quarterly fuel use returns and CHPQA-related data, so that businesses will submit them once;
  → to only share aggregate data, such as data at organisation rather than site level, or total CO₂ emissions rather than CO₂ by fuel;
  → energy used per tonne of product, and data on production in general, are not believed to benefit from data sharing due to commercial confidentiality issues.

The Government has been considering a number of proposals for examining in detail the legal issues surrounding sharing data across delivery bodies and Government departments.

**Recommendation 8:** Seeking to deliver, with the EU partners, further reductions in administrative burden by excluding small emitters from EU ETS, and including under CRC those small emitters who meet current CRC
eligibility criteria (i.e., belonging to a large CRC organisation).

**Question 28:** Do you agree with Recommendation 8? Please provide a brief explanation of why or why not.

**Question 29:** The Commissions proposals will be published in January and we will be consulting on them. What are the possible benefits/disbenefits of the proposal to your organisation/company, including the impact on administrative burden?

- 74% of all respondents (or 29 out of 39 respondents) support recommendation 8. 2 respondents (or 5%) don’t support it\(^1\), and 8 (or the remaining 21%) didn’t address question 28. Those supporting this recommendation stressed the following:
  → ensuring non-traded emissions are not left unregulated, e.g. by including small emitters in a lower burden equivalent scheme;
  → changing the threshold so as to allow a greater number of small installations to be exempt from EU ETS;
  → ensuring that energy intensive businesses are not included in the CRC but rather in CCAs, given the different nature of industries targeted by the two schemes.

These points will be considered along with other responses to the “Consultation on Proposed EU Emissions Trading Scheme from 2013”.

**Recommendation 9:** Seeking to deliver, with the EU partners, efficiency and other regulatory benefits from auctioning EU ETS allowances. Levels of auctioning are being considered as part of the current review of the EU ETS directive.

\(^{13}\) A non profit organisation considered the recommendation rather premature, and stressed the need for both schemes and commodity trading to be more established before considering the exclusion of small emitters. An energy supplier highlighted the risks specific to small emitters, who may lack sufficient incentives to undertake abatement measures.
**Question 30:** Do you agree with Recommendation 9? Please provide a brief explanation of why or why not.

**Question 31:** What benefits/disbenefits to your organisation/company would result from increasing levels of auctioning?

- 41% of all respondents (or 16 out of 39 respondents) agree with this recommendation, 35% (or 14) don’t agree, and 10% (or 4) think it needs further consideration.

- Of the 29 respondents currently covered by EU ETS, 8 support the recommendation. Among energy sector respondents (i.e., power generators) only 4 out of 6 supports the recommendation, and 1 asks for further consideration on the implications of it.

- The main concerns regarding auctioning expressed by those covered by EU ETS were:
  → incurring higher costs that can not be passed through onto consumers, and that would undermine the competitive stance of the manufacturing industry (17, or 59%).
  → the use of revenues (2 respondents suggest the possibility of using the revenues raised to support investments in low carbon innovations).

These points will be considered along with other responses to the “Consultation on Proposed EU Emissions Trading System from 2013”.

**Recommendation 10:** Extending IPPC light touch measures to CRC (subject to a sound legal basis) and disapplying all IPPC energy efficiency requirements from EU ETS installations. Implementing this recommendation will require consideration of ways to simplify and align Pollution Prevention and Control scheme boundaries with EU ETS and CRC so benefits of the light touch measures are not lost, and also detailed analysis to ensure that removal of IPPC energy efficiency requirements will not significantly affect the
Question 32: Do you agree with Recommendation 10? Please provide a brief explanation of why or why not.

Question 33: What benefits/disbenefits to your organisation/company would result from implementing Recommendation 10? Please provide an estimate of the decrease/increase in administrative and other costs (in absolute and percentage terms) from implementing Recommendation 10.

- 62% of all respondents (or 24 out of 39 respondents) agree with this recommendation. 4 do not agree, and 3 ask for further work to be undertaken before adopting the recommendation.

- The recommendation is largely supported by those who are covered by EU ETS (21, or 72% of those in the trading scheme), and those who envisage their organisation will be targeted by CRC (18 out of 25, or 72%), with the administrative burden for both regulators and operators expected to be lower as a result of implementing this recommendation.

- The main reasons for those disagreeing with this recommendation are:
  → given the uncertainty around the future coverage of the CRC scheme, disapplying the IPPC requirements is thought to be premature;
  → IPPC requirements are meant to deliver environmental benefits beyond carbon emission reductions, and by implementing the recommendation these benefits might get lost;
  → disapplying the IPPC requirements would reduce incentives for non-power sectors to improve their energy efficiency.

- 13% of all respondents (or 5 out of 39 respondents) have expressed their preference for the IPPC as its holistic approach is thought to ease the administrative burden when emissions sources are numerous and have various environmental impacts. The 5 respondents are covered by EU ETS, and 4 anticipate being covered by CRC.
The Government will take business concerns into consideration. The Environmental Permitting (England and Wales) Regulations 2007 require energy efficiency requirements to be applied to all IPPC installations, with the "light touch" approach for installations subject to EU ETS remaining in place so far as the Environment Agency is concerned.

**Recommendation 11:** Undertaking further analysis to examine (i) the interaction of CHP policies with other instruments and (ii) the potential for greater alignment of Pollution Prevention and Control’s other objectives with climate change objectives.

**Question 34:** Do you agree with Recommendation 11? Please provide a brief explanation of why or why not.

**Question 35:** Where else do you think there is scope for simplifying or making more coherent the existing suite of non-fiscal climate change policy instruments without compromising the environmental outcome?

- 64% of all respondents (or 25 out of 39 respondents) support this recommendation. One operator thinks the recommendation should go further and include other interactions as well. Only one respondent disagrees, on the grounds that CHP policies require further examination, and 12 out of 39 respondents (or 33%) didn’t address question 34.

- To have a more consistent climate change package of measures, respondents suggest the Government address issues/conflicting objectives arising from the relevant environmental regulation, such as:
  → the Renewable Obligation, and in particular the fact that it favours the use of biomass for energy generation over its industrial use to produce consumer goods;
the interaction between air quality regulations and climate change objectives;
carbon factors, and the need for setting them consistently across different schemes; and
the lack of agreements with manufacturers of “green products” to support the development of such market.

The Climate Change Simplification Project report identifies CHP policies and the interaction between PPC and climate change objectives as areas for future work. It was beyond the scope of this report to address the overlap with these policies in any detail.

The Government will bear that interaction in mind in considering the European Commission's proposals for (i) a Directive on industrial emissions - Integrated Pollution Prevention and Control (Recast) and (ii) a Directive on Carbon Capture and Storage which were published in December 2007 and January 2008 respectively.

As part of the work to produce a heat strategy by Spring 2009, the Government will review the strategic approach to Combined Heat and Power.